

BACKGROUND

The CIA Retirement Act was enacted to provide a comprehensive retirement and disability program for a limited number of employees whose duties either were in support of Agency activities abroad, hazardous to life or health, or so specialized as to be clearly distinguishable from normal Government employment.

The Central Intelligence Agency operates under two retirement systems-- the regular civil service retirement system for the majority of its employees and the one established under the CIA Retirement Act for a smaller number. The primary purpose of the latter system is to sustain a shorter career base for service where the conditions of employment are substantially different from those associated with normal Government employment. Key provisions of the CIA Retirement Act include a straight 2 percent factor in the computation formula and retirement eligibility at age 50 after 20 years of service, both modeled after civil service provision for certain personnel involved in law enforcement activities (5 U.S.C. 8336(c)). Other provisions of the CIA Retirement Act are, for the most part, also patterned after those of the civil service retirement system.

SECTIONAL ANALYSIS

Section 1 increases both the Agency's and the participant's contributions to the Fund from six and one-half percent to seven percent of basic salary.

Section 2(a) revises the formula for computing annuities by basing "average basic salary" either on the highest three consecutive years rather than the highest five consecutive years, or over a shorter period, where applicable, to obtain the increased survivor protection afforded by section 4.

Section 2(b) provides for retention of annuity following remarriage under the conditions spelled out in section 2(d).

Section 2(c) increases the annuities of children of deceased annuitants.

Section 2(d) permits payment of annuity to surviving spouse upon remarriage occurring on or after age 60, and on or after 18 July 1966, and provides restoration of annuity terminated for remarriage prior to attaining age sixty if remarriage is dissolved.

Section 2(e) authorizes the crediting of accumulated sick leave for annuity computation purposes.

Section 3 preserves for survivors of participants retired for disability the additional service credit which may have been granted to such retirees.

Section 4 increases survivorship protection in death in service cases: by reducing the minimum length of service requirement from five years to 18 months; by establishing a minimum survivor annuity; and by incorporating the provisions in section 2 relating to remarriage.

Section 5(a) adds 1 percent to each cost-of-living adjustment effected under the cost-of-living provision of the Act.

Section 5(b) assures that the new annuities for surviving children will be adjusted in accordance with the cost-of-living provisions of the Act.

Section 6 provides effective dates in phase with similar amendments approved for the Civil Service retirement system.

FISCAL DATA

The financing provision of the proposed amendments increases Agency and participant contributions from 6.5 to 7 percent, in consonance with the comparable provision of P. L. 91-93. Under the CIA Retirement Act the Director prepares the estimates of the annual appropriations required to be made to the fund and causes actuarial valuations of the fund to be made at intervals of five years, or oftener, if deemed necessary by him. The Committee has been assured that if the amendments are enacted future appropriation requests will include appropriate provision to maintain the fund on a sound fiscal base.

Enactment into law of this measure will involve a total additional cost for the first year in the approximate amount of \$_____.

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Note: The amount would be approximately

This cost is attributed to the increase in the Agency's contribution rate by one-half percent of basic salary starting January 1970. However, we recommend against including this paragraph because the figure provided could form the basis for extrapolation of the type of information protected from disclosure by P. L. 81-110, section 6.

DEPARTMENTAL DATA

Enactment of this legislation has the support of the Central Intelligence Agency and the approval of the Bureau of the Budget as evidenced by the letter from the Director of the Central Intelligence Agency dated 23 October 1969 which is set out below and made a part of this report.